

~~SECRET~~

ED/EC M-243

June 14, 1957

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MINUTES

10:00 a.m. Wednesday, June 12, 1957
Room 1213 Malatico

Attendance:

MDAC

Mr. Hale, Chairman
Mr. Anderson
Mr. Wight
Mr. Kramer, Executive Secretary
Mrs. Huver, Committee Secretary

Defense

Mr. Martino
Col. Green

ICA

Mr. Slaght

CIA

██████████ 25X1A9a

State

Mr. Wright
Mr. Knoll

Commerce

Mr. Hockersmith
Mr. George

Treasury

Mr. Pollak

Agenda:

- Note a. CFEP Meeting
- Note b. List II Quotas for China
- Note c. Clearance of telegram to Vienna
- Note d. Proposed paper to be sent to NSC from JCS
- Note e. Magnuson Standing Subcommittee on Foreign Commerce

1. Review of Economic Defense Policy (NSC 5704/1)

~~SECRET~~

SECRET

-2-

Note a. CFEP Meeting

There was a discussion of the CFEP meeting which took place Tuesday, June 11, at which time Mr. Dillon briefed that forum on the outcome of the CHINCOM negotiations. Pursuant to a statement made by Mr. Randall at the CFEP meeting, EDAC will proceed with the review and redrafting of economic defense policy

Note b. List II Quotas for China

Decision

The State member will draft a message to the USDEL on the subject of the extent to which they should participate in a discussion in CHINCOM of List II quotas for Communist China. The message will be circulated for concurrence by the agencies and will, in State's view, be within our present policy.

Discussion

The Chairman called attention to POLTO 2963 on the subject of a proposed discussion in CHINCOM on List II quotas for Communist China. He noted that Mr. Dillon had stated at the CFEP meeting that this matter did not need a policy decision but should have interagency consideration.

The State member said that his agency assumed that the U.S. would not propose anything with respect to List II quotas for China because our position is that it would be preferable to continue the differential controls. The only question is whether the U.S. should participate in a discussion which would take place on the basis of proposals put forward by other countries.

There was a general discussion and those members who expressed views felt that the U.S. should not participate in such discussions. If, however, the Department of State determined that it is within our policy to participate and that it would be desirable for political reasons to do so, the members felt that the U.S. should do whatever it could to keep the quotas as tight as possible.

Note c. Clearance of telegram to Vienna

25X1A2g

A draft message prepared by State in response to [REDACTED] was cleared by the members. [The message was dispatched June 13, 1957.]

Note d. Proposed paper to be sent to NSC from JCS

The Defense member read from a memorandum to the Secretary of Defense from the Chairman of the Joint Chiefs of Staff on the trade control problem. The memorandum, which makes certain recommendations for future actions, will be sent to the NSC from the JCS with the request that it be given priority consideration.

SECRET

SECRET

-3-

Note e. Magnuson Standing Subcommittee on Foreign Commerce

The Commerce member reported that his Department has been requested to appear before the newly constituted Magnuson Standing Subcommittee on Foreign Commerce on June 20th. The General Counsel of Commerce has requested a conference with Senator Magnuson in an effort to determine what aspects of trade he would want the Department to be prepared to discuss at this June 20th session. The Commerce member suggested that an agreed Executive Branch position on the major issues should be obtained quickly to assure that testimony by different agencies will agree.

1. Review of Economic Defense Policy (NSC 5704/1)

Decision

Discussion was postponed until 10:00 a.m. Thursday, June 13, 1957, at which time Defense will be prepared to present a memorandum covering their proposals for revisions in the economic defense policy.

Discussion

The Chairman thanked the Commerce Department for their early submission of proposed changes in NSC 5704/1.

The Commerce member stated that it is the feeling of his Department that a number of recent events have a fairly direct impact on economic defense policy. In this regard, he said they are particularly interested in receiving or having access to any evaluations which may be developed by the Department of State from a policy point of view and the Department of Defense from the point of view of military significance. From the Commerce evaluation, they feel that there are a number of changes now appropriate to suggest, and his agency has attempted to set forth, in the paper which has been presented to the members, the ones which they feel are worthwhile. The paper does not give the reasons for the suggested changes, but the Commerce member will do that orally during the discussions.

The Chairman said he thought it would be necessary to review the current economic defense policy and the proposals of the individual agencies paragraph by paragraph in an effort to prepare a draft of a revised policy which would allow the U.S. to step back into a position of leadership and which would give us a tangible and real basis for proceeding in the future. He felt that the draft should contain alternative language to point up the differences of view among the agencies in order that the policy people can consider the right and proper course of action which the U.S. will hold as a matter of policy.

Distribution:

ED List Parts I & II
and WG I (limited)

SECRET